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## **S.1932**

### **Deficit Reduction Act of 2005 (Enrolled as Agreed to or Passed by Both House and Senate)**

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#### **Subtitle C--Child Support**

#### **SEC. 7301. ASSIGNMENT AND DISTRIBUTION OF CHILD SUPPORT.**

(a) Modification of Rule Requiring Assignment of Support Rights as a Condition of Receiving TANF- Section 408(a)(3) (42 U.S.C. 608(a)(3)) is amended to read as follows:

` (3) NO ASSISTANCE FOR FAMILIES NOT ASSIGNING CERTAIN SUPPORT RIGHTS TO THE STATE- A State to which a grant is made under section 403 shall require, as a condition of paying assistance to a family under the State program funded under this part, that a member of the family assign to the State any right the family member may have (on behalf of the family member or of any other person for whom the family member has applied for or is receiving such assistance) to support from any other person, not exceeding the total amount of assistance so paid to the family, which accrues during the period that the family receives assistance under the program.'.

(b) Increasing Child Support Payments to Families and Simplifying Child Support Distribution Rules-

(1) DISTRIBUTION RULES-

(A) IN GENERAL- Section 457(a) (42 U.S.C. 657(a)) is amended to read as follows:

` (a) In General- Subject to subsections (d) and (e), the amounts collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed as follows:

` (1) FAMILIES RECEIVING ASSISTANCE- In the case of a family receiving assistance from the State, the State shall--

` (A) pay to the Federal Government the Federal share of the amount collected, subject to paragraph (3)(A);

` (B) retain, or pay to the family, the State share of the amount collected, subject to paragraph (3)(B); and

` (C) pay to the family any remaining amount.

` (2) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE- In the case of a family that formerly received assistance from the State:

`(A) CURRENT SUPPORT- To the extent that the amount collected does not exceed the current support amount, the State shall pay the amount to the family.

`(B) ARREARAGES- Except as otherwise provided in an election made under section 454(34), to the extent that the amount collected exceeds the current support amount, the State--

`(i) shall first pay to the family the excess amount, to the extent necessary to satisfy support arrearages not assigned pursuant to section 408(a)(3);

`(ii) if the amount collected exceeds the amount required to be paid to the family under clause (i), shall-

`(I) pay to the Federal Government the Federal share of the excess amount described in this clause, subject to paragraph (3)(A); and

`(II) retain, or pay to the family, the State share of the excess amount described in this clause, subject to paragraph (3)(B); and

`(iii) shall pay to the family any remaining amount.

`(3) LIMITATIONS-

`(A) FEDERAL REIMBURSEMENTS- The total of the amounts paid by the State to the Federal Government under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the Federal share of the amount assigned with respect to the family pursuant to section 408(a)(3).

`(B) STATE REIMBURSEMENTS- The total of the amounts retained by the State under paragraphs (1) and (2) of this subsection with respect to a family shall not exceed the State share of the amount assigned with respect to the family pursuant to section 408(a)(3).

`(4) FAMILIES THAT NEVER RECEIVED ASSISTANCE- In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).

`(5) FAMILIES UNDER CERTAIN AGREEMENTS- Notwithstanding paragraphs (1) through (3), in the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount collected pursuant to the terms of the agreement.'

(B) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION BEGINNING WITH FISCAL YEAR 2009-

(i) IN GENERAL- Section 457(a) (42 U.S.C. 657(a)) is amended by adding at the end the following:

`(7) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION-

` (A) FAMILIES THAT FORMERLY RECEIVED ASSISTANCE- Notwithstanding paragraph (2), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that formerly received assistance from the State to the extent that the State pays the amount to the family.

` (B) FAMILIES THAT CURRENTLY RECEIVE ASSISTANCE-

` (i) IN GENERAL- Notwithstanding paragraph (1), in the case of a family that receives assistance from the State, a State shall not be required to pay to the Federal Government the Federal share of the excepted portion (as defined in clause (ii)) of any amount collected on behalf of such family during a month to the extent that-

` (I) the State pays the excepted portion to the family; and

` (II) the excepted portion is disregarded in determining the amount and type of assistance provided to the family under such program.

` (ii) EXCEPTED PORTION DEFINED- For purposes of this subparagraph, the term 'excepted portion' means that portion of the amount collected on behalf of a family during a month that does not exceed \$100 per month, or in the case of a family that includes 2 or more children, that does not exceed an amount established by the State that is not more than \$200 per month.'

(ii) EFFECTIVE DATE- The amendment made by clause (i) shall take effect on October 1, 2008.

(iii) REDESIGNATION- Effective October 1, 2009, paragraph (7) of section 457(a) of the Social Security Act (as added by clause (i)) is redesignated as paragraph (6).

(C) STATE PLAN TO INCLUDE ELECTION AS TO WHICH RULES TO APPLY IN DISTRIBUTING CHILD SUPPORT ARREARAGES COLLECTED ON BEHALF OF FAMILIES FORMERLY RECEIVING ASSISTANCE- Section 454 (42 U.S.C. 654) is amended--

(i) by striking 'and' at the end of paragraph (32);

(ii) by striking the period at the end of paragraph (33) and inserting '; and'; and

(iii) by inserting after paragraph (33) the following:

` (34) include an election by the State to apply section 457(a)(2)(B) of this Act or former section 457(a)(2)(B) of this Act (as in effect for the State immediately before the date this paragraph first applies to the State) to the distribution of the amounts which are the subject of such sections and, for so long as the State elects to so apply such former section, the amendments made by subsection (b)(1) of section 7301 of the Deficit Reduction Act of 2005 shall not apply with

respect to the State, notwithstanding subsection (e) of such section 7301.'.

(2) CURRENT SUPPORT AMOUNT DEFINED- Section 457(c) (42 U.S.C. 657(c)) is amended by adding at the end the following:

` (5) CURRENT SUPPORT AMOUNT- The term `current support amount' means, with respect to amounts collected as support on behalf of a family, the amount designated as the monthly support obligation of the noncustodial parent in the order requiring the support or calculated by the State based on the order.'.

(c) State Option To Discontinue Older Support Assignments- Section 457(b) (42 U.S.C. 657(b)) is amended to read as follows:

` (b) Continuation of Assignments-

` (1) STATE OPTION TO DISCONTINUE PRE-1997 SUPPORT ASSIGNMENTS-

` (A) IN GENERAL- Any rights to support obligations assigned to a State as a condition of receiving assistance from the State under part A and in effect on September 30, 1997 (or such earlier date on or after August 22, 1996, as the State may choose), may remain assigned after such date.

` (B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION- If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to the assignment as if the amounts had never been assigned and may distribute the amounts to the family in accordance with subsection (a)(4).

` (2) STATE OPTION TO DISCONTINUE POST-1997 ASSIGNMENTS-

` (A) IN GENERAL- Any rights to support obligations accruing before the date on which a family first receives assistance under part A that are assigned to a State under that part and in effect before the implementation date of this section may remain assigned after such date.

` (B) DISTRIBUTION OF AMOUNTS AFTER ASSIGNMENT DISCONTINUATION- If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to the assignment as if the amounts had never been assigned and may distribute the amounts to the family in accordance with subsection (a)(4).'

(d) Conforming Amendments- Section 6402(c) of the Internal Revenue Code of 1986 (relating to offset of past-due support against overpayments) is amended--

(1) in the first sentence, by striking `the Social Security Act.' and inserting `of such Act.'; and

(2) by striking the third sentence and inserting the following: `The Secretary shall apply a reduction under this subsection first to an amount certified by the State as past due support under section 464

of the Social Security Act before any other reductions allowed by law.'.

(e) Effective Date-

(1) IN GENERAL- Except as otherwise provided in this section, the amendments made by the preceding provisions of this section shall take effect on October 1, 2009, and shall apply to payments under parts A and D of title IV of the Social Security Act for calendar quarters beginning on or after such date, and without regard to whether regulations to implement the amendments (in the case of State programs operated under such part D) are promulgated by such date.

(2) STATE OPTION TO ACCELERATE EFFECTIVE DATE-

Notwithstanding paragraph (1), a State may elect to have the amendments made by the preceding provisions of this section apply to the State and to amounts collected by the State (and the payments under parts A and D), on and after such date as the State may select that is not earlier than October 1, 2008, and not later than September 30, 2009.

(f) Use of Tax Refund Intercept Program To Collect Past-Due Child Support on Behalf of Children Who Are Not Minors-

(1) IN GENERAL- Section 464 (42 U.S.C. 664) is amended--

(A) in subsection (a)(2)(A), by striking `(as that term is defined for purposes of this paragraph under subsection (c))'; and

(B) in subsection (c)--

(i) in paragraph (1)--

(I) by striking `(1) Except as provided in paragraph (2), as used in' and inserting `In'; and

(II) by inserting `(whether or not a minor)' after `a child' each place it appears; and

(ii) by striking paragraphs (2) and (3).

(2) EFFECTIVE DATE- The amendments made by paragraph (1) shall take effect on October 1, 2007.

(g) State Option To Use Statewide Automated Data Processing and Information Retrieval System for Interstate Cases- Section

466(a)(14)(A)(iii) (42 U.S.C. 666(a)(14)(A)(iii)) is amended by inserting before the semicolon the following: `(but the assisting State may establish a corresponding case based on such other State's request for assistance)'.

## **SEC. 7302. MANDATORY REVIEW AND ADJUSTMENT OF CHILD SUPPORT ORDERS FOR FAMILIES RECEIVING TANF.**

(a) In General- Section 466(a)(10)(A)(i) (42 U.S.C. 666(a)(10)(A)(i)) is amended--

(1) by striking `parent, or,' and inserting `parent or'; and

(2) by striking `upon the request of the State agency under the State plan or of either parent,'.

(b) Effective Date- The amendments made by subsection (a) shall take effect on October 1, 2007.

### **SEC. 7303. DECREASE IN AMOUNT OF CHILD SUPPORT ARREARAGE TRIGGERING PASSPORT DENIAL.**

(a) In General- Section 452(k)(1) (42 U.S.C. 652(k)(1)) is amended by striking '\$5,000' and inserting '\$2,500'.

(b) Conforming Amendment- Section 454(31) (42 U.S.C. 654(31)) is amended by striking '\$5,000' and inserting '\$2,500'.

(c) Effective Date- The amendments made by this section shall take effect on October 1, 2006.

### **SEC. 7304. MAINTENANCE OF TECHNICAL ASSISTANCE FUNDING.**

Section 452(j) (42 U.S.C. 652(j)) is amended by inserting 'or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater' before ', which shall be available'.

### **SEC. 7305. MAINTENANCE OF FEDERAL PARENT LOCATOR SERVICE FUNDING.**

Section 453(o) (42 U.S.C. 653(o)) is amended--

(1) in the first sentence, by inserting 'or the amount appropriated under this paragraph for fiscal year 2002, whichever is greater' before ', which shall be available'; and

(2) in the second sentence, by striking 'for each of fiscal years 1997 through 2001'.

### **SEC. 7306. INFORMATION COMPARISONS WITH INSURANCE DATA.**

(a) Duties of the Secretary- Section 452 (42 U.S.C. 652) is amended by adding at the end the following:

    '(I) Comparisons With Insurance Information-

        '(1) IN GENERAL- The Secretary, through the Federal Parent Locator Service, may--

            '(A) compare information concerning individuals owing past-due support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards, and payments; and

            '(B) furnish information resulting from the data matches to the State agencies responsible for collecting child support from the individuals.

` (2) LIABILITY- An insurer (including any agent of an insurer) shall not be liable under any Federal or State law to any person for any disclosure provided for under this subsection, or for any other action taken in good faith in accordance with this subsection.'.

(b) State Reimbursement of Federal Costs- Section 453(k)(3) (42 U.S.C. 653(k)(3)) is amended by inserting `or section 452(l)' after `pursuant to this section'.

## **SEC. 7307. REQUIREMENT THAT STATE CHILD SUPPORT ENFORCEMENT AGENCIES SEEK MEDICAL SUPPORT FOR CHILDREN FROM EITHER PARENT.**

(a) State Agencies Required To Seek Medical Support From Either Parent-

(1) IN GENERAL- Section 466(a)(19)(A) (42 U.S.C. 666(a)(19)(A)) is amended by striking `which include a provision for the health care coverage of the child are enforced' and inserting `shall include a provision for medical support for the child to be provided by either or both parents, and shall be enforced'.

(2) CONFORMING AMENDMENTS-

(A) TITLE IV-D-

(i) Section 452(f) (42 U.S.C. 652(f)) is amended by striking `include medical support as part of any child support order and enforce medical support' and inserting `enforce medical support included as part of a child support order'.

(ii) Section 466(a)(19) (42 U.S.C. 666(a)(19)), as amended by paragraph (1) of this subsection, is amended--

(I) in subparagraph (A)--

(aa) by striking `section 401(e)(3)(C)' and inserting `section 401(e)'; and

(bb) by striking `section 401(f)(5)(C)' and inserting `section 401(f)';

(II) in subparagraph (B)--

(aa) by striking `noncustodial' each place it appears; and

(bb) in clause (iii), by striking `section 466(b)' and inserting `subsection (b)'; and

(III) in subparagraph (C), by striking  
`noncustodial' each place it appears and  
inserting `obligated'.

(B) STATE OR LOCAL GOVERNMENTAL GROUP HEALTH PLANS- Section 401(e)(2) of the Child Support Performance and Incentive Act of 1998 (29 U.S.C. 1169 note) is amended,

in the matter preceding subparagraph (A), by striking 'who is a noncustodial parent of the child'.

(C) CHURCH PLANS- Section 401(f)(5)(C) of the Child Support Performance and Incentive Act of 1998 (29 U.S.C. 1169 note) is amended by striking 'noncustodial' each place it appears.

(b) Enforcement of Medical Support Requirements- Section 452(f) (42 U.S.C. 652(f)), as amended by subsection (a)(2)(A)(i), is amended by inserting after the first sentence the following: 'A State agency administering the program under this part may enforce medical support against a custodial parent if health care coverage is available to the custodial parent at a reasonable cost, notwithstanding any other provision of this part.'

(c) Definition of Medical Support- Section 452(f) (42 U.S.C. 652(f)), as amended by subsections (a)(2)(A)(i) and (b) of this section, is amended by adding at the end the following: 'For purposes of this part, the term 'medical support' may include health care coverage, such as coverage under a health insurance plan (including payment of costs of premiums, co-payments, and deductibles) and payment for medical expenses incurred on behalf of a child.'

## **SEC. 7308. REDUCTION OF FEDERAL MATCHING RATE FOR LABORATORY COSTS INCURRED IN DETERMINING PATERNITY.**

(a) In General- Section 455(a)(1)(C) (42 U.S.C. 655(a)(1)(C)) is amended by striking '90 percent (rather than the percentage specified in subparagraph (A))' and inserting '66 percent'.

(b) Effective Date- The amendment made by subsection (a) shall take effect on October 1, 2006, and shall apply to costs incurred on or after that date.

## **SEC. 7309. ENDING FEDERAL MATCHING OF STATE SPENDING OF FEDERAL INCENTIVE PAYMENTS.**

(a) In General- Section 455(a)(1) (42 U.S.C. 655(a)(1)) is amended by inserting 'from amounts paid to the State under section 458 or' before 'to carry out an agreement'.

(b) Effective Date- The amendment made by subsection (a) shall take effect on October 1, 2007.

## **SEC. 7310. MANDATORY FEE FOR SUCCESSFUL CHILD SUPPORT COLLECTION FOR FAMILY THAT HAS NEVER RECEIVED TANF.**

(a) In General- Section 454(6)(B) (42 U.S.C. 654(6)(B)) is amended--  
(1) by inserting '(i)' after '(B)';



- (2) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;
  - (3) by adding `and' after the semicolon; and
  - (4) by adding after and below the end the following new clause:
    - `(ii) in the case of an individual who has never received assistance under a State program funded under part A and for whom the State has collected at least \$500 of support, the State shall impose an annual fee of \$25 for each case in which services are furnished, which shall be retained by the State from support collected on behalf of the individual (but not from the first \$500 so collected), paid by the individual applying for the services, recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and the fees shall be considered income to the program);'.
- (b) Conforming Amendments- Section 457(a)(3) (42 U.S.C. 657(a)(3)) is amended to read as follows:
- `(3) FAMILIES THAT NEVER RECEIVED ASSISTANCE- In the case of any other family, the State shall distribute to the family the portion of the amount so collected that remains after withholding any fee pursuant to section 454(6)(B)(ii).'
- (c) Effective Date- The amendments made by this section shall take effect on October 1, 2006.

## **SEC. 7311. EXCEPTION TO GENERAL EFFECTIVE DATE FOR STATE PLANS REQUIRING STATE LAW AMENDMENTS.**

In the case of a State plan under part D of title IV of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by this subtitle, the effective date of the amendments imposing the additional requirements shall be 3 months after the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the preceding sentence, in the case of a State that has a 2-year legislative session, each year of the session shall be considered to be a separate regular session of the State legislature.